

Message Text

UNCLASSIFIED

PAGE 01 ATHENS 00856 311443Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 STR-04 CEA-01

DODE-00 PM-03 H-02 L-02 NSC-05 PA-02 PRS-01 SS-15

USIA-15 SAJ-01 /115 W

----- 112245

R 311330Z JAN 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7239

INFO AMCONSUL THESSALONIKI

UNCLAS ATHENS 0856

EO 11652 NA

TAGS: EGEN, GR

SUBJ: NEW ECONOMIC MEASURES

REF: (A) ATHENS 831; (B) ATHENS 279; (C) ATHENS A-16

1. ON EVEINING JAN 29 PRIME MINISTER CARAMANLIS AND COORDINATION AND PLANNING MINISTER PAPALIGOURAS MADE ANNOUNCEMENTS PERTAINING TO GOG'S ECONOMIC PROGRAM. PM RESTATED BASIC THEME JAN 10 AND DEC 11 ANNOUNCEMENTS, IW., THAT 1975 WOULD BE YEAR OF SACRIFICE DUE TO PROBLEMS COMMON TO WESTERN NATIONS GENERALLY, AND TO PARTICULAR LOCAL PROBLEMS STEMMING FROM MISMANAGEMNT OF JUNTA PERIOD AND NEED TO REINFORCE MILITARY STRENGTH. HE ALSO ANNOUNCED, AS OF MARCH 1, A 10 PERCENT RAISE IN SALARIES AND PENSIONS OF GOVERNMENT WORKERS, A 15 PERCENT INCREASE IN IKA PENSIONS, AND GOG'S WILLINGNESS PROVIDE GOOD OFFICES TO EMPLOYERS AND EMPLOYEES IN THEIR ATTEMPT TO REACH CONSENSUS ON NEW MINIMUM WAGE LEVEL (SEE REF A).

2. COORDINATION AND PLANNING MINISTER PAPALIGOURAS STATED THAT THE GOVERNMENT'S TAXATION AND INCOMES POLICY WAS PART OF OVERALL PROGRAM TO RESTIMULATE ECONOMY WHILE RESTAINING UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ATHENS 00856 311443Z

INFLATIONARY FORCES. HE THEN ADDRESSED HIMSELF, AS FOLLOWS,

TO DETAILS OF VARIOUS ASPECTS OF THE GOG PROGRAM, MOST OF WHICH HAD ALREADY BEEN ANNOUNCED.

3. INCOME TAX REFORMS: PAPALIGOURAS STATED THAT REFORMS (SEE REF B) WOULD RELIEVE TAX BURDEN FOR 95 PERCENT OF GREEK PAXPAYERS, AND ONLY 2.5 PERCENT WOULD FEEL THE PINCH OF HIGHER RATES.

4. PENSIONS AND SALARY INCREASES: THE INCREASES JUST ANNOUNCED BY PM CARAMANLIS WILL RESULT IN INCREASED ANNUAL BUDGETARY EXPENDITURE OF 5 BILLION DRACHMAS, PLUS INCREASE IN IKA APPROPRIATION OF 860 MILLION DRACHMAS.

5. NEW INDIRECT TAXES: WILL NOT CAUSE MORE THAN 4 - 5 PERCENT INCREASE IN COST OF LIVING (SEE A-16).

6. REAL PROPERTY TAX: WILL BE LEVIED ON REAL PROPERTY VALUED AT OVER 10 MILLION DRACHMAS RATHER THAN 5 MILLION AS ORIGINALLY ANNOUNCED. THE TAX IS FIXED AT A RATE BETWEEN 0.5 AND 1 PERCENT, ACCORDING TO VALUE. WITH RESPECT INDUSTRIAL, HANDICRAFT, COMMERCIAL AND CERTAIN OTHER ENTERPRISES, TAX WILL APPLY ONLY ON THE SITE AND IS FIXED AT 0.75 PERCENT OF THE LAND VALUE. TOURIST ENTERPRISES WILL BE EXEMPT DURING FIRST TWO YEARS OF IMPLEMENTATION.

7. TAX ON DIVIDENDS: WILL BE RAISED FROM 30 TO 33 PERCENT FOR STOCKS LISTED ON ATHENS STOCK EXCHANGE, FROM 38 TO 41 PERCENT FOR THOSE NOT LISTED.

8. TAX ON UNDISTRIBUTED PROFITS: TAX ON UNDISTRIBUTED PROFITS OF PROFIT-MAKING LEGAL ENTITIES WILL BE RAISED FIVE PERCENTAGE POINTS TO 35 PERCENT OR 40 PERCENT.

9. FARM INCOME: WITHIN NEXT FEW DAYS GOG WILL ANNOUNCE MEASURES TO ASSIST FARMERS.

10. COMMENT: ANNOUNCEMENTS BROKE VERY LITTLE NEW GROUND, EXCEPT FOR ANNOUNCEMENT OF SALARY AND PENSION HIKES, AND A FEW ADDITIONAL DETAILS AND REVISIONS OF TAX PROGRAM. MINISTER OF FINANCE DEVLETOGLOU FOLLOWED UP WITH PRESENTATION OF PERTINENT DRAFT LAWS IN PARLIAMENT JNAUARY 30. SUMMARY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ATHENS 00856 311443Z

WILL BE REPORTED BY AIRGRAM.
KUBISCH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC PROGRAMS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS00856
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750036-0723
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975014/aaaaadel.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 ATHENS 831, 75 ATHENS 279, 75 ATHENS A-16
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2003 by MarshK0>; APPROVED <25 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW ECONOMIC MEASURES
TAGS: EGEN, GR, (CARAMANLIS, CONSTANTINE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006